

# WASHINGTON STATE BOARD OF ACCOUNTANCY

## **Unapproved Draft** - Minutes of a Regular Meeting of the Board – **Unapproved Draft**

<b>Time and Place of Meeting</b>	9:08 a.m. – 2:28 p.m. Thursday, July 24, 2014 Crowne Plaza Seattle Airport Queen Anne Room 17338 International Boulevard SeaTac, Washington
<b>Attendance</b>	Emily R. Rollins, CPA, Chair, Board Member Karen R. Saunders, CPA, Vice Chair, Board Member Elizabeth D. Masnari, CPA, Secretary, Board Member Donald F. Aubrey, CPA, Board Member Lauren C. Jassny, Public Board Member Edwin G. Jolicoeur, CPA, Board Member Thomas G. Neill, CPA, Board Member Bruce L. Turcott, Assistant Attorney General, Board Adviser (arrived at approximately 12:25 p.m.) Richard C. Sweeney, CPA, Executive Director Jennifer Sciba, Deputy Director Charles E. Satterlund, CPA, Director of Investigations Kelly Wulfekuhle, Administrative Assistant Taylor Shahon, Special Assistant to the Director of Investigations Kirsten Donovan, Board Clerk
<b>Public Rule-Making Hearing</b>	<p>The Board held a public rule-making hearing from 9:10 a.m. to 9:17 a.m. The Board Chair presided. The Board proposed to amend:</p> <ul style="list-style-type: none"><li>• WAC 4-30-130 – What are the quality assurance review (QAR) requirements for licensed CPA firms?</li></ul> <p>The Executive Director presented a brief statement.</p> <p>No written comments were received.</p>
<b>Call to Order</b>	<p>Board Chair, Emily Rollins, called the regular meeting of the Board to order at 9:10 a.m.</p> <p>The Board Chair excused the absence of Favian Valencia, Public Board Member and Gerald F. Ryles, Public Board Member.</p>
<b>Rules Review</b>	<u>WAC 4-30-130 What are the quality assurance review (QAR) requirements for licensed CPA firms?</u>

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The Board voted unanimously to adopt the rule with minor changes that do not change the general subject matter of the proposed rule. The Board voted for an implementation date 31 days after filing.

WAC 4-30-088 What is the effect on a Washington individual licensee or CPA-Inactive certificateholder in the armed forces, reserves, or National Guard if the individual receives orders to deploy for active military duty?

The Executive Director presented the Board with a CR-101 draft which included the Board directed edits from the April 17, 2014 Board meeting. The Executive Director led a discussion on the rule proposal.

The Board directed staff to file the CR-102 with the Office of the Code Reviser as written for this proposal and schedule a public rule-making hearing in conjunction with the Board's October meeting.

WAC 4-30-140 What is the authority, structure, and processes for investigations and sanctions?

The Executive Director presented a draft CR-101 and led a discussion on the rule proposal. The proposed rule change incorporates a portion of Board Policy 2004-1 into the rule.

The Board directed staff to file the CR-102 with the Office of the Code Reviser as written for this proposal and schedule a public rule-making hearing in conjunction with the Board's October meeting.

Board Policy 2004-1, Sanctions and Penalty Guideline

The Executive Director presented the Board with the 2014 Executive Director's Analysis of Board Policy 2004-1 and Board Delegations with a draft of the proposed changes for Policy 2004-1, Sanctions and Penalty Guidelines.

The Executive Director led a discussion on the proposed changes. The changes include removing the section

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which may be incorporated into the rule change proposal for WAC 4-30-140. Other changes include removing "or designee" throughout and adding section 14, First-time Quality Review Program violation, to the Guidelines for 1<sup>st</sup> Time Administrative Violations chart.

The amendment to Policy 2004-1 is contingent upon the proposed rule change to WAC 4-30-140 and will be revisited at a future Board meeting following the rule change.

### **Minutes – April 17, 2014 Regular Board Meeting**

The Board approved the minutes of the April 17, 2014 Board meeting as presented.

### **Cross-Border Discussions with the British Columbia Institute**

The Executive Director presented a draft datasheet, *Regulating Public and Professional Accounting in British Columbia and Washington*, with supporting articles and reported on his meeting in British Columbia.

The Executive Director led a discussion on developing a Memorandum of Cooperation for cross-border enforcement and transparency between British Columbia and WBOA. The Executive Director stated that another meeting has been scheduled for September 2014.

### **NASBA Update**

Ed Jolicoeur, CPA, reported on the following activities from the NASBA Western Regional Meeting held June 11-13, 2014 in St Louis, MO:

- New Diversity Group to ensure diversity in NASBA leadership.
- Standards Setters Study Group
- His nomination for Pacific Regional Director for the National Association of State Boards of Accountancy.

Don Aubrey, CPA, Pacific Regional Director for the National Association of State Boards of Accountancy (NASBA), reported on the following NASBA activities from the quarterly meeting held in Coeur d'Alene, ID:

- Availability of scholarships.
- National NASBA meeting will be held in

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Washington DC in October. Don highly encourages attendance for everyone who can clear their calendar.

- NASBA / Internal Revenue Service (IRS) cooperation for tax preparers reporting to be CPAs.
- Nano-learning for CPE credit.
- UAA committee discussions on safe-guarding records requirements/procedures for CPAs and firms going out of business.

**Legal Counsel's Report**

Bruce Turcott, the Board's legal counsel, reported that the required Board Member training on the Open Public Meetings Act will be conducted during the lunch break at the October Board Meeting.

**Chair's Report**

The Board Chair reported on:

- Hawaii Mobility Legislation and the letter sent to the Hawaii Board of Public Accountancy.
- The new Board Member appointment.
- Scheduling a meeting with board members of the Association of Chartered Accountants in the US.

**Executive Committee**

The Board Officers met with the Executive Director via telephone on July 10, 2014. The Chair reported that the following topics were discussed:

- The Board meeting agenda.
- All other topics were covered at various times during this meeting.

**Compliance Assurance Oversight Committee**

Ed Jolicoeur had nothing to report.

**Legislative Review Committee**

Karen Saunders had nothing to report.

**Quality Assurance Committee**

Tom Neill reported on the 2014 Quality Assurance Review Results.

**Request Review Committee**

Karen Saunders reported:

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Firm Names: Approved:

TJS Deemer Dana LLP  
Johnson Glaze & Co. P.C  
Columbia Gorge Financial Services  
SCS Globla Professionals, LLP  
Hastings Tax Services  
Calibre CPA Group  
Julnes Consulting  
Karen Lee & Associates, PS  
Rogers, Clem & Company  
360 Advanced, P.A  
Edison Perry & Company, PC  
Piercy Bowler Taylor & Kern Certified  
Public Accountants & Business Advisors APC  
Bedrock CPA Group, LLC

Professional/Educational Organization - Recognition Requests: During the 2nd quarter 2014, the Board did not receive any requests for recognition of an educational organization for purposes of obtaining list requests.

Domestic or Foreign Education Credential Evaluation Services – Applications: During the 2nd quarter 2014, the Board did not receive any requests for recognition of domestic or international education credential evaluation services.

Late Fee Waiver Requests – Late Fee Waiver Requests were received between 05/01/2014 and 06/30/2014.

A Total of 2 Requests were Received

- 1 request for an Individual CPA License
  - Request Approved
- 1 request for a CPA Firm License
  - Request Approved

**State Ethics  
Compliance  
Committee**

Lauren Jassny had nothing to report.

**Qualifications  
Committee**

Tom Neill reported and led the discussion on:

- International Education Evaluation Services – Effective October 1, 2014 NASBA International Evaluation Services (NIES) will be the only Board recognized foreign education evaluation service.
- Education topics currently being discussed by the committee and staff include:
  - Chartered Accountant Education
  - 3-year Bachelor Degree programs
  - Certificate programs
  - Blended courses
  - 180-day provision
  - Graduate level accounting courses earning 1.5 credits per credit hour
  - Fraudulent transcripts
  - Record retention of Exam applicants documentation

**Executive Director's  
Report**

Discussion on CPA Services to the Marijuana-Cannabis Industry. The Executive Director led the discussion on the topic stating that it is primarily a risk management issue. The Executive Director's recommendations will be reviewed by legal counsel.

Native American Finance Officers Association (NAFOA). The Executive Director reported on his discussion in Washington, D.C. with the Chair of the Native American Finance Officers Association (NAFOA) and representatives from several tribes in the United States.

The Executive Director reported that the Board of Accountancy has no authority on tribal lands, which leads to underperforming tribes due to a lack of regulation. To protect the public interest in tribal communities, the Executive Director upon invitation would offer to investigate complaints against CPAs performing services on tribal land.

NAFOA will hold its national conference in San Diego in September. The Executive Director will attend the conference.

Reevaluation of Ethics Courses Produced by Rigos

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Professional Education Programs. The Executive Director reported on the Board directive for reevaluation of the three ethics courses produced by Rigos Professional Education Programs for qualification under WAC 4-30-134(6), CPE in ethics and regulation.

The Executive Director reported that he reviewed the three courses again and his findings are the same. The three courses do not meet the requirements under WAC 4-30-134(6). He will report his findings to Rigos Professional Education Programs.

**Review of Dismissed Cases**

Ed Jolicoeur reported on the second quarter review of dismissed cases. Ed reviewed approximately 30 cases on July 10, 2014.

**Director of Investigations Report**

Investigation Statistics/Investigations & Administrative Sanctions: Charles Satterlund, CPA, Director of Investigations provided the following reports to the Board:

- Enforcement: Broad Overview.
- Caseload Status Report for the period ended June 30, 2014.
- Investigations Statistics through June 30, 2014.

Charles Satterlund reported on the following issues:

- Older cases expected to be reduced in the months to come.
- Hot topics include:
  - Marijuana questions/concerns
  - Firm structure and mergers
  - Comfort letters

**Executive and/or Closed Session with Legal Counsel**

No executive or closed sessions with legal counsel held.

**Public Input**

The Board received input from representatives of the WSCPA throughout the meeting.

**Adjournment**

The Board meeting adjourned at 2:28 p.m.

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Vice-Chair

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